

3 Oddball Tax Deductions That Just Might Fly

Mark Henricks

Freelance Writer

When it comes to these weird tax deductions, from pets to cosmetic surgery, the chances to save money may be better than you think.

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As the co-founder and CEO of a winery, Steve Styring naturally tries to take every legitimate tax deduction. But not long after starting [Styring Vineyards](#) in Newburg, Oregon, his accountant challenged one item on his return.

“What are you using so much Everclear for?” the accountant asked.

At 190 proof, Everclear, an alcoholic beverage made by St. Louis-based [Luxco](#), is more than twice as potent as typical liquor. Not uncommonly employed to spike the punch at a fraternity party, it’s rarely used to flavor artisanal wine. So when the winemaker expensed several bottles at \$15 each, his accountant could be excused for wondering whether it was legit.

Not to worry, Styring responded. The winery used the liquid to clean corking equipment, a practice many winemakers follow. “You need to keep your corks really clean,” Styring explains. “Everclear was the best solution.” His accountant approved the deduction, and the IRS agreed: Everclear may be so strong that many states prohibit the retail sale of it, but it’s an allowable business expense for a winery.

Might Sound Crazy, But ...

If you’ve got a slightly out-of-the-ordinary business expense that raises your accountant’s eyebrows, take heart from these oddball tax deductions that can actually pass muster with the IRS:

Pets. Bills for food, medicine and the like can be deducted for pets that serve a legitimate business use. For instance, a business that keeps a large dog to patrol the premises at night may be able to write off the guard dog's expenses. In one famous case, the owners of a salvage yard were able to deduct the [costs of feeding feral cats](#) on the grounds that they helped control rodents.

Keep in mind: The use has to be legitimate. Expensing the price of a manicure for your toy poodle by claiming Fifi is there for security has little chance of passing the eagle eyes of the IRS. One broad exception is pet moving expenses. The IRS considers the [cost of relocating a pet](#) just as deductible as other moving expenses.

Significant others. Romance isn't normally a source of tax savings. Still, San Francisco tax attorney Robert Wood reports a case in which an owner of rental properties successfully deducted [payments to his girlfriend](#). The taxpayer argued that she helped manage his real estate and also run his personal household. However, he had to go to court to win his case, and then was only able to deduct part of what he had paid her. Housekeeping, the court ruled, was a nondeductible personal expense.

Another restriction on paying family and friends is that the recipient has to actually perform a useful service. A taxpayer who attempted to claim an infant as an employee, for instance, was encouraged by his tax preparer to remove the suspect deduction from his return, according to a recent report on unusual tax deductions from the [Minnesota Society of Certified Public Accountants](#) (MNCPA).

Cosmetic surgery. As a general rule, the cost of looking good isn't a deductible expense like other health-care expenses. For instance, one Minnesota CPA nixed a client's plan to claim the fees for Botox and tanning on her tax return. If you can make a business case for the cosmetic procedures, however, that's different.

Wood notes that an exotic dancer's effort to claim \$2,088 in [depreciation on her breast implants](#) was at first denied by the IRS. She eventually prevailed in court when she was able to show that the enhancements significantly increased her earnings.

It would probably be a mistake to assume that similarly zany tax deductions will work out as well as these did. On the other hand, it might also be a costly mistake to assume that just because a deduction seems out of the ordinary, it won't work. As the MNCPA notes, "Taxes are complicated. Each situation is unique and depends on the facts and circumstances involved."

The facts and circumstances at Styring Vineyards have led to significant growth since Styring introduced his accountant to the idea of Everclear tax deductions. From just a few bottles a year, the corking operation has expanded and now consumes several cases of Everclear, worth hundreds of dollars in welcome deductions. Styring enjoys the tax deduction and the product's effectiveness as a sanitizer, but he draws the line there.

"We try not to drink it," he says. "It says right on the label, 'Overconsumption will endanger your health.'"